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HUMBOLDT DOMESTIC VIOLENCE SERVICES

FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Humboldt Domestic Violence Services

We have audited the accompanying statement of financial position of Humboldt Domestic Violence Services (a nonprofit organization) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows, for the year then ended. These financial statements are the responsibility of Humboldt Domestic Violence Services management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Humboldt Domestic Violence Services as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2008, on our consideration of Humboldt Domestic Violence Services internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Aycock & Edgmon

Aycock and Edgmon
November 10, 2008

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FINANCIAL STATEMENTS

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STATEMENT OF FINANCIAL POSITION

June 30, 2008

ASSETS

Cash and cash equivalents	\$ 261,281
Grants and contracts receivable	167,541
Property and equipment	16,193
Other assets	<u>2,427</u>
Total assets	<u>\$ 447,442</u>

LIABILITIES AND NET ASSETS**Liabilities**

Payroll and related liabilities	\$ 2,932
Accrued vacation	<u>17,761</u>
Total liabilities	<u>20,693</u>

Net assets

Unrestricted	426,749
Temporarily restricted	-
Permanently restricted	<u>-</u>
Total net assets	<u>426,749</u>

TOTAL LIABILITIES AND NET ASSETS**\$ 447,442**

The accompanying notes to financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND GAINS				
Contracts				
Office of Criminal Justice Planning	\$ 182,451	\$ -	\$ -	\$ 182,451
Department of Health Services	221,329	-	-	221,329
Humboldt County	106,422	-	-	106,422
Contributions				
Blue Shield of California	15,000	-	-	15,000
Mary Kay Ash	20,000	-	-	20,000
Other grants	56,109	-	-	56,109
Fund raisers	12,448	-	-	12,448
Donations	35,035	-	-	35,035
Other income	3,788	-	-	3,788
Total revenue and gains	<u>652,582</u>	<u>-</u>	<u>-</u>	<u>652,582</u>
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENSES AND LOSSES				
Program services	452,246	-	-	452,246
Support services				
Administration	143,410	-	-	143,410
Fund raising	3,412	-	-	3,412
Total expenses and losses	<u>599,068</u>	<u>-</u>	<u>-</u>	<u>599,068</u>
CHANGE IN NET ASSETS	53,514	-	-	53,514
Prior period adjustment	4,325	-	-	4,325
NET ASSETS, JULY 1, 2007	<u>368,910</u>	<u>-</u>	<u>-</u>	<u>368,910</u>
NET ASSETS, JUNE 30, 2008	<u>\$ 426,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 426,749</u>

The accompanying notes to financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ 53,514
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:	
Depreciation	2,392
Net change in	
Grants and other contract receivable	(16,216)
Other assets	-
Payroll and related liabilities	503
Accrued vacation	<u>(1,034)</u>
Net Cash Provided by Operating Activities	<u>39,159</u>

CASH AND CASH EQUIVALENTS, JULY 1, 2007	<u>222,122</u>
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CASH AND CASH EQUIVALENTS, JUNE 30, 2008	<u><u>\$ 261,281</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2008

	Program Services	Support Services			Total Program & Support Services
		Administration	Fundraising	Total	
Salaries and wages	\$ 303,312	\$ 82,345	\$ -	\$ 82,345	\$ 385,657
Payroll taxes and benefits	62,490	16,965	-	16,965	79,455
Total compensation and related expenses	365,802	99,310	-	99,310	465,112
Audit	-	8,500	-	8,500	8,500
Bank charges	-	703	-	703	703
Communications	13,944	6,370	-	6,370	20,314
Conference	2,811	2,569	-	2,569	5,380
Depreciation expense	-	2,392	-	2,392	2,392
Dues and subscriptions	765	765	-	765	1,530
Equipment	2,743	-	-	-	2,743
Finance charge	-	14	-	14	14
Fundraising expense	-	-	3,337	3,337	3,337
Insurance	6,511	-	75	75	6,586
Maintenance	3,880	-	-	-	3,880
Outreach	467	-	-	-	467
Office expense	-	4,727	-	4,727	4,727
Postage	471	472	-	472	943
Printing and copying	1,502	1,502	-	1,502	3,004
Professional services	2,238	-	-	-	2,238
Program expense	16,693	-	-	-	16,693
Rent	29,201	8,400	-	8,400	37,601
Supplies	259	250	-	250	509
Taxes, licenses, and fees	-	901	-	901	901
Travel	4,959	1,500	-	1,500	6,459
Utilities	-	3,770	-	3,770	3,770
Miscellaneous	-	1,265	-	1,265	1,265
Total Expenses	<u>\$ 452,246</u>	<u>\$ 143,410</u>	<u>\$ 3,412</u>	<u>\$ 146,822</u>	<u>\$ 599,068</u>

The accompanying notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIESNature of Activities

Humboldt Domestic Violence Services is a private, nonprofit corporation, incorporated in the State of California. The purpose of Humboldt Domestic Violence Services is to provide crisis and support services to survivors of domestic violence and their children, and community education on the issues of domestic violence. Major funds are provided by grants from federal, state and local governmental agencies.

Basis of Accounting

The financial statements of Humboldt Domestic Violence Services have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

Humboldt Domestic Violence Services accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Properties and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Humboldt Domestic Violence Services reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Humboldt Domestic Violence Services reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over their estimated useful lives.

Promises to Give

Contributions are recognized when the donor makes a promise to give to Humboldt Domestic Violence Services that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUEDContributions

In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made," contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Humboldt Domestic Violence Services considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income Taxes

Humboldt Domestic Violence Services is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Functional Expenses

Humboldt Domestic Violence Services allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various statistical bases.

Revenue Recognition

Humboldt Domestic Violence Services reports grants, contributions, and program revenue as unrestricted, temporarily restricted, or permanently restricted support and revenue depending on the existence and/or nature of any donor restrictions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*.

NOTE B - CASH AND CASH EQUIVALENTS

Humboldt Domestic Violence Services maintains its cash balances in several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2008 the uninsured balance was \$169,548

The carrying value of cash and cash equivalents were composed of the following combined balances:

Cash on hand	\$ 100
Checking and savings	<u>261,181</u>
	<u>\$ 261,281</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE C - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable at June 30, 2008 consists of the following:

Office of Criminal Justice Planning	\$ 42,919
California Department of Health Services	55,332
Humboldt County	<u>60,871</u>
Total	<u>\$ 159,122</u>

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2008 consist of the following:

	<u>Unrestricted</u>
Office furniture and equipment	\$ 23,922
Less: Accumulated depreciation	<u>7,729</u>
	<u>\$ 16,193</u>

NOTE E - IN-KIND CONTRIBUTIONS

Humboldt Domestic Violence Services does not record in-kind contributions and the offsetting expenses. Generally accepted accounting principles requires that in-kind contributions and offsetting expenses be recorded at fair market value.

NOTE F - CONTINGENT LIABILITIES

The major sources of support and revenue are grants and contracts from federal and state agencies. Such support and revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

NOTE G - PRIOR PERIOD ADJUSTMENT

Unrestricted net assets were increased by \$4,325 to correct fixed asset balances.

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SUPPLEMENTAL INFORMATION

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**SUPPLEMENTAL SCHEDULE
OFFICE OF CRIMINAL JUSTICE PLANNING**

For the Year Ended June 30, 2008

	<u>DV 07-22-1711</u>
	<u>07/01/07 to</u>
	<u>06/30/08</u>
Federal and State Expenses	
Personnel expenses	\$ 146,052
Operating expenses	36,399
Equipment	<u>-</u>
Total Federal and State Expenses	<u>182,451</u>
In-kind and Cash Match	
Personnel expenses	<u>39,497</u>
Total Contract	<u><u>\$ 221,948</u></u>

See accompanying note to Supplemental Schedule.

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NOTES TO SUPPLEMENTAL SCHEDULE

June 30, 2008

Humboldt Domestic Violence Services does not record required cash match and in-kind match in the funds used to account for Office of Criminal Justice Planning Grants.

Cash Match Requirements

Humboldt Domestic Violence Services expends funds from the County of Humboldt and donations in its general fund that qualify for cash match for the Office of Criminal Justice Planning Program. These expenditures exceed cash matching requirements and are not used as cash match for any other program.

In-kind Match

Humboldt Domestic Violence Services maintains records of in-kind contributions. The fair market value of these contributions exceed the in-kind matching requirements for the Office of Criminal Justice Planning Program and are not used as a matching requirement for any other program.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Humboldt Domestic Violence Services

We have audited the financial statements of Humboldt Domestic Violence Services (a nonprofit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Humboldt Domestic Violence Services' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Humboldt Domestic Violence Services' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Humboldt Domestic Violence Services' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Humboldt Domestic Violence Services' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Humboldt Domestic Violence Services' financial statements that is more than inconsequential will not be prevented or detected by the Humboldt Domestic Violence Services' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Humboldt Domestic Violence Services' internal control.

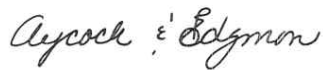
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Directors of
Humboldt Domestic Violence Services

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Humboldt Domestic Violence Services' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Aycock and Edgmon
November 15, 2008

